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The following estimates, forecasts, and projections are mainly taken from recent publications of the National Agricultural Statistics Service, Economic Research Service, and the World Agricultural Outlook Board of the U.S. Department of Agriculture.

♦**Wheat.** The September forecast for 1997 all wheat production is 2.51 billion bushels, down 1% from the last forecast, but 10% more than in 1996. Market year prices are expected to average between \$3.20 and \$3.70 per bushel compared with \$4.30 for the 1996 crop. Projected U.S. 1997/98 ending stocks are down 23 million bushels from last month because of smaller spring wheat production.

♦**Corn.** The September forecast for 1997 corn production is 9.27 billion bushels, virtually unchanged from last month and 1996. A market year average price between \$2.45 and \$2.85 per bushel is expected compared with \$2.70 for the 1996 crop. Global production is expected to be 3% below last year. Global 1997/98 ending stocks are expected to be 18% below the previous year. The U.S. corn crop was rated 62 % good to excellent as of September 21, the same as a year earlier. Thirty-eight percent of the crop is considered mature compared with 36% last year. Harvest is progressing in the southern tier of States with Texas, Georgia, and North Carolina reporting more than half of their crop harvested.

♦**Soybeans.** The 1997 soybean crop is forecast at a record 2.75 billion bushels, up 15% from 1996 and 9% above the previous record set in 1994. The market year average price is projected between \$5.60 and \$6.70 per bushel compared with \$7.38 for the 1996 crop. Global 1997/98 oilseed production is projected at a record 275.5 million metric tons, up about 18 million tons from last year. Increased oilseed crops in the United States and Argentina more than offset a drop in China's peanut crop. The U.S. soybean crop was rated 59% good to excellent for the week ending September 21 compared with 55% a year ago. Harvest is just underway in the Southern States.

♦**Cotton.** U.S. 1997 all cotton production is forecast at 18.4 million bales, up 4% from August, but down 3% from 1996. This is the fourth largest crop on record. The U.S. cotton crop as of September 21 was rated 56% good to excellent compared with 63% last year. The dryland crop in Texas, the largest producing State, received rain during August, which improved conditions greatly.

♦**Rice.** U.S. rice production is forecast at 181 million cwt, down fractionally from August 1 but up 6% from 1996 and is the third highest production on record. California harvest is well ahead of normal, but Arkansas and Texas trail the 5-year average. The market year average price is expected to average between \$9.00 and \$10.00 per cwt compared to \$9.90 per cwt for the 1996/97 crop.

♦**Other Crops.** The September **Durum Wheat** forecast, at 90.2 million bushels, is unchanged from last month but 22% below last year. The September **Other Spring Wheat** forecast, at 562 million bushels, was down 4% from a month ago and 18% below a year ago. **Grain Sorghum** was forecast at 653 million bushels, down 19% from 1996. **Barley** production is forecast at 379 million bushels, 4% below 1996. The **peanut crop** is expected to be down fractionally from last year, **pecan** production is up 32%, and the **tobacco** forecast is up 6%.

♦**Cattle.** September 1 **Cattle on feed** in U.S. feedlots with capacity of 1,000 or more head totaled 9.12 million head, up 16% from a year earlier. Placement were up 7% in August while marketings were 5% higher. Prices for choice steers (Neb., direct, 1100-1300 lbs) are now expected to average \$64-65 per cwt in the 3rd quarter and then strengthen some in the 4th quarter. Farm **calf prices** in August averaged \$88.00 per cwt, nearly \$30 above the low level of a year earlier. Continued heavier than expected placements and lighter than expected slaughter, along with expanded other red meat supplies (mostly hogs) have dampened near-term fed cattle prices. The year-over-year change in placements has dropped from 118% in July to 107% in August and should continue to decline over the next several months.

◆**Hogs.** Weekly hog slaughter is picking up seasonally and at 101% of a year ago for the first 3 weeks of September is consistent with the June 1 estimate of market hogs 60-119 pounds. The Mar-May pig crop and middle weight groups estimates from June 1 would indicate that slaughter should average 101-103% over the next couple months. Jun-Aug farrowing intentions then point to further expansion. Barrow and gilt prices (Iowa/So. Minn., No. 1-3) are now expected to average \$54-55 in the 3rd quarter and \$51-53 per cwt in the 4th quarter as marketings expand.

◆**Other Livestock.** August **milk production** in the 20 major States was up 4.4% and U.S. production for the year is expected to be up 1-2%. The August increase in production was due to a 5.2% increase in rate per cow as cow numbers were down 0.7%. The August **Basic Formula Price (BFP)** was \$12.07 per cwt, up \$1.21 from July. Cheese prices continue to rise and indicate another increase in the BFP for September. **Farm milk prices** for the 4th quarter of 1997 are expected to average \$13.70-14.20 and \$13.10-\$13.30 for the year. For the week ending Sept 12, 40 lb. block cheddar **cheese prices** averaged \$1.3783 per pound, up 1.0 cents from a week earlier. At \$1.3214, barrel prices were up 0.4 cents. July 1997 **American cheese** production was up 5.9%, **butter** up 8.6% and **nonfat dry milk** up 44%, compared with a year earlier. The number of **layers** in U.S. flocks on hand Sept 1 was 1% above a year earlier with table egg layers up slightly, broiler type hatching up 5%, and egg-type hatching down 3%. U.S. **egg production** for 1997 is expected to be up about 1-2%. Market **egg prices** are still expected to strengthen in the 3rd and 4th quarters, but still average 8 cents below a year ago for 1997. For the week ending September 13, cumulative **broiler placements** for 1997 were 3% above a year earlier and **broiler production** is expected to be up about 4% for the year. **Broiler prices** (12 city) for the 3rd quarter are expected to average 62-63 cents per pound and 58-60 cents in the 4th quarter. **Turkey** production in 1997 is still expected to be near last year's level and prices strengthen with 4th quarter prices averaging 2-6 cents above last years' level. **Sheep and lambs** estimates for July 1 are: breeding sheep down 6% and market lambs down slightly. **Supplies in refrigerated warehouses** the end of August compared with a year earlier were: poultry down 3%, pork bellies down 3%, cheese up 15%, red meat up 12%, and frozen orange juice up 26%.

◆**Trade.** The value of **U.S. Ag. Exports** for fiscal 1998 are projected to total \$58.5 billion, up \$2 billion from the 1997 forecast. For the 1997 marketing year, the volume of U.S. **wheat** exports is now projected to be up 10%, **corn** up 13%, **soybeans** up 8%, **rice** up 13%, and **cotton** up 4%. For 1997, **beef** exports are expected to be up 2%, **pork** up 16%, **broilers** up 5%, **turkeys** up 25%, and total **red meat and poultry** up 8%.

◆**Prices.** The rate of **inflation**, as monitored by the **CPI** for all urban consumers, increased 0.2% in August for an annual rate of 2.2% compared with last August. The **PPI** rose 0.3% in August for the first increase in 8 months and was down 0.2% from last August. The August **prime rate**, at 8.5%, was unchanged from last month and compares with 8.25% a year earlier. Compared to a year earlier, **feed** prices in August were down 16%, **feeder livestock and poultry** prices up 24%, **fertilizer** up slightly, **Ag Chemicals** unchanged, **farm machinery** up 1%, **seeds** up 3%, and **fuels** down 8%. Overall **farm expenditures** for 1996 were up 4%. Average **farm real estate** values are now expected to gain about 5-6% in 1997.

◆**World Weather** (September 23). In Europe, mild, dry weather promoted summer crop harvesting. Dry weather promoted spring grain harvest in Kazakhstan. Drier weather in the North China Plain favored summer crop harvesting and winter grain plantings. More beneficial rain fell in eastern Australia. Cool weather in Argentina slowed early wheat growth. Rains helped southern Brazil's wheat. Showers hampered late crop harvesting in the Canadian Prairies. In the **U.S.**, the Southeast remains dry while cold fronts with showers eased dryness across the central Corn Belt and northern mid-Atlantic regions. Since mid-July, monsoonal moisture has sparked locally intense thunderstorms in the Southwest and contributed to above normal rainfall on the Central Plains.

◆**Other News.** **Brazil's soybean production** in the 1997/98 (Oct.-Sept.) crop year will likely be a record high 29-30 million tons, up more than 20%, according to the Brazilian Assn. of Oilseed Crushers. Record imports and falling exports pushed the **U.S. trade deficit** up 25% to \$10.34 billion in July. The **CPI for food** is forecast to rise 2.5-3% in 1998 compared with the 2.8% rise forecast for 1997. The 15th **Conservation Reserve Program (CRP)** signup in March 1997 was the largest signup ever with 16.1 million acres accepted from the 23.3 million offered. The 16th CRP signup will be held during Oct.-Nov., 1997. Under the **Taxpayer Relief Act of 1997**, farmers are expected to save over \$1.6 billion per year in Federal income taxes and \$150-200 mil. in Federal estate taxes. Education incentives, retirement accounts, new tax credits for households with children, increased deductions for health insurance payments by self-employed taxpayers, and lower capital gains taxes will help reduce income taxes.

The next newsletter will be issued on Oct. 21, 1997.

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